

Imago@Loughborough Limited

**Annual Report and Financial Statements
for the year ended 31 July 2020**

Company Registration No. 02355400



Imago@Loughborough Limited

Annual report and financial statements for the year ended 31 July 2020

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Imago@Loughborough Limited

Strategic Report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The company's principal activities are to market, sell and operate accommodation, catering and conference space located at Loughborough University. These services operate in Burleigh Court, Holywell Park and The Elite Athlete Centre, on the University Campus and at The Link which is off campus and located within Loughborough near to the University site. The directors are not aware at the date of this report, of any likely major changes in the company's activities in the next year.

Review of the business, including key performance indicators and future prospects

On 20th March 2020, the government announced the immediate closure by law of all restaurants, with a subsequent announcement that required all hotels and conference centres to close on 23rd March. These measures to reduce the spread of Covid 19 had a significant impact on the trading income and profits of the company. All venues within the Imago portfolio remained closed until at least 5th July, except The Link hotel which opened for a short period to fulfil an NHS requirement.

Trading income relating to hotel and conferencing fell by 31% from the previous year, this is directly attributable to the pandemic. The company utilised financial support from the government by claiming grants from the Job Retention Scheme from March 23rd to the end of the financial year. Income derived from normal activities and the Job Retention grant was £8,093,743 (£10,537,075 2019)

The operating loss for the year is 12% compared with a profit margin for 2019 of 5%, these results have been adversely affected by Covid 19 due to the income shortfall

The proportion of Human Resources costs to turnover is 50% (2019: 38%), this result has been affected by the shortfall in turnover due to the impact of Covid 19.

The loss after corporation tax of £837,697 (2019: profit of £248,863) has been transferred from reserves.

The company has been able to maintain a solid cash position by deferring creditor payments to Loughborough University including a short-term loan which was required for the bedroom refurbishment completed last year.

The company (Imago@Loughborough Limited) is a wholly owned subsidiary of Loughborough University.

The planned refurbishment of the Burleigh Court conference area, which was due to commence in June 2020, has been delayed due to the impact of Covid 19 on the project plan timeframe.

The balance sheet on page 9, shows the company's financial position at the yearend in both net assets and cash terms. Details of amounts owed to its parent company are shown in note 14.

Principal risks and uncertainties

Although hotels have been allowed to trade from 5th July, certain restrictions placed on the meetings and hospitality industry have continued to constrain the selling capacity of the company's venues. Tailored marketing collateral has been developed to promote the company's Covid secure facilities to mitigate the impact of the current trading environment and as part of Loughborough University, the company has been able to host sporting groups who have used the University facilities for training events. The company has retained key sales personnel working throughout the pandemic period to ensure that relationships with key customers have been maintained to maximise future sales opportunities.

The company will utilise the Job Retention Scheme grant until October and any future government support grants available, for example the Job Support Scheme, to mitigate the impact on revenue due to Covid 19 as there is still uncertainty regarding the timing of the relaxation of the restrictions placed on the hospitality sector. Other measures also being reviewed include staff restructures to reduce costs during this period of uncertainty and to ensure the company is more flexible to adapt to future demand.

The company manages the continuing risk of competition within the conference market by closely monitoring customer feedback, actively encouraging customers to communicate regarding their visits and by actively researching competitor activity. The company recognises the need to work closely with customers to be able to adapt to their changing needs and priorities as we emerge out of the pandemic and to ensure that Imago venues are the preferred choice of venue destination as current restrictions in the hospitality industry are gradually lifted.

Imago@Loughborough Limited

Strategic Report (continued)

Effective staff recruitment is key to the company's successful customer service. As a result of the decision to leave the European Union, the hospitality industry is facing uncertainties in respect of staff recruitment. To mitigate this risk, the company invests in staff training and recruitment processes and the company is accredited with IIP Platinum (Investors in People accreditation). The company also employs apprentices and recognises the importance of internal progression and staff retention.

The health and mental wellbeing of its employees is important to the company, furloughed staff have been regularly communicated with and a return to venue plan including training was implemented to ensure the continued safety of our staff and guests in the venues.

The company also recognises that in the current economic climate and in light of the government's policy on public expenditure it is vital that trends in forward bookings are monitored and managed.

The company is monitoring food prices and margins closely due to the significant expenditure in this area.


Risks in respect of changing world energy prices are managed by the parent company.

Credit risk is primarily attributable to trade receivables. Policies and procedures exist to ensure that customers have an appropriate credit history. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Post Balance Sheet Events

There were no post balance sheet events recorded in the year

Approved by the Board of Directors on 23 November 2020
and signed on its behalf by:



Kay England
Director
Loughborough University,
Loughborough,
Leicestershire
LE11 3TU

Imago@Loughborough Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 July 2020 for Imago@Loughborough Ltd, registered office: Finance Office, Loughborough University, Loughborough, LE11 3TU

Risk management and future developments

Details of risk management and future developments can be found in the strategic report and form part of this report by cross-reference.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the company will have sufficient funds, through funding from its parent, Loughborough University to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Loughborough University not seeking repayment of the amounts currently due to the group, which at 31 July 2020 amounted to £2,688,273. Loughborough University has indicated that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Environment

Loughborough University recognises the importance of its environmental responsibilities and monitors its impact on the environment and designs and implements policies to reduce the company's impact on the environment. As a subsidiary of Loughborough University, imago@Loughborough Limited operates on similar environmental policies and ensures the safe disposal of waste it recycles and also is committed to energy consumption reductions.

Employees

Details of the number of employees and related costs are to be found in note 6 of the financial statements.

Applications for employment by disabled persons are always considered bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and the company is committed to training and developing its staff at all levels and on a continuous basis. The company is an experienced member of Investors in People.

The company believes that communication is a vital element in its success and as such regular staff meetings are conducted throughout the year. Since March 2020, the CEO has continued to communicate to staff via the company's weblink to keep all staff including Furloughed employees up to date on the company's activities and plans. All staff are encouraged to bring forward ideas to improve the company and many of these are included in the annual development plan.

Dividends

Payments are made to the parent company by way of Gift Aid. No dividends were proposed in the current year (2019: Nil).

Imago@Loughborough Limited

Directors' report (Continued)

DIRECTORS

The directors of the company during the year and subsequently, were:

Mrs K E England
Mr R S Taylor
Mr L J McCarthy
Ms F M Stone
Mrs J Tabor

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

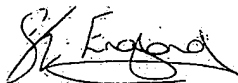
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors on 23 November 2020
and signed on behalf of the Board



Kay England
Director
Loughborough University,
Loughborough,
Leicestershire,
LE11 3TU

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMAGO@LOUGHBOROUGH LIMITED

Opinion

We have audited the financial statements of Imago@Loughborough Limited ("the company") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

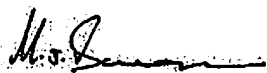
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Dawson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snowhill Queensway

Birmingham

B4 6GH

27 November 2020

Imago@Loughborough Limited

Statement of Comprehensive Income Year ended 31 July 2020

	Note	2020 £	2019 £
Turnover	3	8,093,743	10,537,075
Cost of sales		(1,338,980)	(1,941,611)
Gross profit		6,754,763	8,595,464
Administrative expenses		(7,753,355)	(8,092,687)
Operating (loss)/profit		(998,592)	502,777
Interest receivable	4	2,507	7,420
(Loss)/profit before taxation	5	(996,085)	510,197
Profit/(Loss) before taxation		(996,085)	510,197
Taxation on (loss)/profit	9	158,388	(261,334)
(Loss)/profit on ordinary activities after taxation		(837,697)	248,863
Total comprehensive income attributable to equity shareholders of the company		(837,697)	248,863

All activities derived from continuing operations. The accompanying notes form part of these financial statements.

Imago@Loughborough Limited

Balance sheet at 31 July 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	10	21,711	33,339
Tangible assets	11	<u>8,537,462</u>	<u>8,988,413</u>
		8,559,173	9,021,752
Current assets			
Stocks	12	39,668	47,703
Debtors	13	705,641	867,052
Cash at bank and in hand		<u>601,561</u>	<u>691,520</u>
		1,346,870	1,606,275
Creditors: amounts falling due within one year	14	<u>(3,524,390)</u>	<u>(3,411,277)</u>
Net current liabilities		<u>(2,177,520)</u>	<u>(1,805,002)</u>
Total assets less current liabilities		6,381,653	7,216,750
Provision for liabilities	15	<u>(326,162)</u>	<u>(323,562)</u>
Net assets		<u>6,055,491</u>	<u>6,893,188</u>
Capital and reverses			
Called up share capital	16	6,000,000	6,000,000
Profit and loss account		<u>55,491</u>	<u>893,188</u>
Shareholders' funds		<u>6,055,491</u>	<u>6,893,188</u>

The accompanying notes form part of these financial statements.

The financial statements of Imago@Loughborough Limited (Company Registration Number: 02355400) were approved by the Board of Directors and authorised for issue on 23 November 2020.

Signed on behalf of the Board



Kay E England
Director

Imago@Loughborough Limited

Statement of changes in equity For the year ended 31 July 2020

	Called-up share capital £	Profit and loss account £	Total £
At 31 July 2018	6,000,000	2,017,153	8,017,153
Comprehensive income			
Profit (Loss) for the financial year		248,863	248,863
Gift aid distribution to parent charity		(1,372,828)	(1,372,828)
Total comprehensive expense		(1,123,965)	(1,123,965)
At 31 July 2019	6,000,000	893,188	6,893,188
Comprehensive expense			
Profit (Loss) for the financial year	-	(837,697)	(837,697)
Gift aid distribution to parent charity	-	-	-
Total comprehensive expense	-	(837,697)	(837,697)
At 31 July 2020	<u>6,000,000</u>	<u>55,491</u>	<u>6,055,491</u>

The accompanying notes form part of these financial statements.

Imago@Loughborough Limited

Notes to the financial statements For the year ended 31 July 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Imago@Loughborough Limited is a company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is Finance Office, Loughborough University, Loughborough, Leicestershire, LE11 3TU. The nature of the group's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Imago@Loughborough Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Imago @ Loughborough Limited is consolidated into the financial statements of its parent, Loughborough University, which may be obtained at from the address in note 19. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the company will have sufficient funds, through funding from its parent, Loughborough University to meet its liabilities as they fall due for that period.

The forecasts have considered a range of income scenarios which assume that the current government restrictions within the hospitality sector are gradually eased from the beginning of 2021 and demand increases accordingly. A further model has incorporated extremely low demand to account for a prolonged period of government restrictions throughout 2021 within the sector and reduced market demand of 10% occupancy levels.

Those forecasts are dependent on Loughborough University not seeking repayment of the amounts currently due to the group, which at 31 July 2020 amounted to £2,688,273. Loughborough University has indicated that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2020

1 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle an obligation; and the amount of the obligation can be estimated reliably.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs 5 years

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

- Motor vehicles 33% of cost
- Computer equipment 20% of cost
- Other equipment and fittings 10% - 20% of cost
- Improvements to short leasehold premises straight line over period of lease
- Plant 20% reducing balance

Assets in the course of construction are not depreciated until they are completed.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Operating leases

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Pension and other post-retirement benefits

The company operates a defined contribution scheme for its employees. For which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2020

1 Accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recognition of deferred tax liability

Deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities reflect an estimate of the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Estimation of useful life of Fixed Assets

The charge in respect of depreciation and amortisation is derived after determining an estimate of an asset's expected life. The useful lives of the company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience and similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Impairment of Debtors

The company makes an estimate of the recoverable value of trade debtors and other debtors. When assessing trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience.

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2020

3. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, which fall within the company's ordinary activities net of discounts allowed by the company and value added taxes. The turnover and pre-tax loss, all of which arises in the United Kingdom, is attributable to two activities: the management of the company's hotels and conference facilities, turnover of £7,058,001 (2019: £9,964,434) and the promotion of other Loughborough University conference facilities and hospitality, turnover of £212,695 (2019: £572,641). A government grant, the Job Retention Scheme, of £823,047 (2019: nil) has been recognised as revenue.

Hotel and event income is recognised on the last night of the stay. A manual adjustment is then entered at each period end to accrue for the income earned before period end. Income from bars and restaurants is recognised on the day the cash takings are recorded.

4. Investment income

	2020 £	2019 £
Interest receivable	2,507	7,420

5. Profit on ordinary activities before gift aid and taxation

Profit on ordinary activities before gift aid and taxation is stated after charging:

	2020 £	2019 £
Operating profit is stated after charging:		
Depreciation of owned assets	702,122	605,474
Amortisation of intangible assets	11,628	11,298
Fees payable to the company's auditor for the audit of the company's annual financial statements. (There were no non audit fees paid during the year)	8,200	8,000
Operating lease payments		
- land and buildings	745,000	745,000
- equipment and fittings	42,295	42,464
Profit (loss) on disposal of fixed assets	-	-

Imago@Loughborough Limited

Notes to the financial statements (continued)

For the year ended 31 July 2020

6. Staff numbers and costs

The average monthly number of employees (excluding casual staff and directors) was:

Average number of persons employed	2020	2019
Management	3	4
Administration	20	21
Production	134	130
	<u>157</u>	<u>155</u>
Staff costs during the year (including directors and casual staff)	£	£
Wages and salaries	3,605,901	3,593,587
Social security costs	258,000	256,999
Pension costs (note 18)	167,670	156,992
	<u>4,031,571</u>	<u>4,007,578</u>

7. Directors' remuneration

	2020	2019
	£	£
Directors' remuneration		
Emoluments	103,678	102,441
Payments made to defined contribution pension scheme	9,094	8,830
	<u>112,772</u>	<u>111,271</u>

One director received remuneration from the company (2019: One). The other executive director is remunerated from Loughborough University, as it is not practical to split out the remuneration between entities. The director's services to the company do not equate to a significant amount of time.

One director is a member of the defined contribution pension scheme (2019: One).

8. Gift aid donation

	2020	2019
	£	£
Donation in the year	-	1,372,828
	<u>-</u>	<u>1,372,828</u>
Total gift aid	-	1,372,828

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2020

9. Taxation on (loss)/profit on ordinary activities

	2020	2019
	£	£
Deferred tax		
Timing differences (reversal) (note 15)	2,600	261,334
Current Tax		
Corporation tax (note 16)	(160,988)	-
Tax (credit) on loss on ordinary activities	(158,388)	261,334

The actual tax (credit)/charge for the current year and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2020	2018
	£	£
Profit (loss) before taxation	(996,085)	510,197
Tax on profit/(loss) at 19% (2019: 19%)	(189,256)	110,950
Expenses not deductible for tax purposes	1,184	(19,978)
Capital allowances less than depreciation	27,084	(90,972)
Loss/(profit) on disposal of fixed assets	-	-
Timing (Reversal) differences	2,600	261,334
Total tax (credit)	(158,388)	261,334

Factors affecting the tax credit

The standard rate of tax applied to the reported profit is 19%.

Imago@Loughborough Limited

Notes to the financial statements (continued) **For the year ended 31 July 2020**

10. Intangible assets

	Software £	Total £
Cost		
At 1 August 2019	58,073	58,073
Additions	-	-
At 31 July 2020	<u>58,073</u>	<u>58,073</u>
Amortisation		
At 1 August 2019	(24,734)	(24,734)
Charge for the year	<u>(11,628)</u>	<u>(11,628)</u>
At 31 July 2020	<u>(36,362)</u>	<u>(36,362)</u>
Net book value		
At 31 July 2019	<u>33,339</u>	<u>33,339</u>
At 31 July 2020	<u><u>21,711</u></u>	<u><u>21,711</u></u>

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Notes to the financial statements (continued) For the year ended 31 July 2020

11. Tangible assets

	Plant £	Improvements to short leasehold premises £	Motor vehicles £	Computer equipment £	Other equipment and fittings £	Total £
Cost						
At 1 August 2019	838,567	7,544,019	5,826	98,777	6,327,551	14,814,740
Additions	-	-	-	-	251,171	251,171
Disposals	-	-	-	-	(377)	(377)
At 31 July 2020	838,567	7,544,019	5,826	98,777	6,578,345	15,065,534
Accumulated depreciation						
At 1 August 2019	791,737	2,618,229	5,826	97,207	2,313,328	5,826,327
Charge for the year	9,366	159,251	-	1,570	531,935	702,122
Disposals	-	-	-	-	(377)	(377)
At 31 July 2020	801,103	2,777,480	5,826	98,777	2,844,886	6,528,072
Net book value						
At 31 July 2019	46,830	4,925,790	-	1,570	4,014,223	8,988,413
At 31 July 2020	37,464	4,766,539	-	-	3,733,459	8,537,462

12. Stock

	2020 £	2019 £
Raw material	17,371	28,238
Goods for resale	22,297	19,465
	<u>39,668</u>	<u>47,703</u>

There is no material difference between the balance sheet value of stock and their replacement cost.

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Notes to the financial statements (continued) **For the year ended 31 July 2020**

13. Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	76,045	531,284
Amounts owed by parent undertaking	97,611	77,707
Other taxation and social security	59,350	-
Corporation Tax	160,988	-
Other debtors	155,288	70,816
Prepayments and accrued income	156,359	187,245
	<u>705,641</u>	<u>867,052</u>

Amounts owed by parent undertaking for goods and services are due within 14 days of invoice date.

14. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	706,570	445,414
Amounts owed to parent undertaking	2,688,273	2,268,588
Amounts due to fellow subsidiaries	-	-
Other taxation and social security	-	407,730
Other creditors	1,721	81,245
Accruals and deferred income	127,826	208,300
	<u>3,524,390</u>	<u>3,411,277</u>

The amounts owing to the parent undertaking includes a short-term loan of £1,000,000 in respect of the Burleigh Court bedroom refurbishment. The loan is payable on demand and interest is payable at a rate of 1.5% above the Bank of England base rate.

15. Provision for liabilities

	Deferred taxation £	2019 £
At 1 August 2019	323,562	62,228
Debited to profit and loss account	<u>2,600</u>	<u>261,334</u>
At 31 July 2020	<u>326,162</u>	<u>323,562</u>

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2020

Deferred tax

Deferred tax is provided as follows:

	2020 £	2019 £
Accelerated capital allowances	326,162	323,562
Provision for deferred tax	326,162	323,562

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority.

16. Called up share capital and reserves

	2020 £	2019 £
Allotted and fully paid		
6,000,000 ordinary shares of £1 each	6,000,000	6,000,000
	6,000,000	6,000,000

The Company has one class of ordinary shares which carry no right to fixed income. The Company's only other reserve is the profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

17. Financial commitments

(a) Operating lease commitments

The operating leases for Land and Buildings relate to the use of Burleigh Court and The Link Hotel owned by Loughborough University. The company also has operating leases in place for company cars and coffee machines.

At 31 July 2020, the company had total minimum lease payments due under non-cancellable operating leases as follows:

	Land and Buildings 2020 £	Other 2020 £	Land and Buildings 2019 £	Other 2019 £
Leases which expire:				
within one year	745,000	27,793	745,000	32,955
between one and five years	3,725,000	25,705	3,725,000	24,931
after five years	16,811,250	-	17,556,250	-
	21,281,250	53,498	22,026,250	57,886

Imago@Loughborough Limited

Notes to the financial statements (continued) For the year ended 31 July 2020

(b) Capital commitments

The company had £20,303 of capital commitments authorised and contracted as at July 2020 (2019: £63,196).

18. Pension schemes

The company contributes to a defined contribution pension scheme on behalf of certain employees. Contributions payable by the company to this scheme amounted to £167,670 (2019: £156,992).

19. Related party transactions

The company has taken advantage of the exemptions conferred by FRS 102 Section 33 not to disclose transactions with other wholly owned group companies, being a 100% owned subsidiary of Loughborough University.

The company is a member of hospitality and conferencing industry associations which rely on representatives from the industry. One of the company's directors is associated with two of these organisations. Another director is associated with Loughborough Student Union with whom we have a trading relationship with for the provision of hospitality facilities.

	Income £	Balance due to the company at 31 July 2020 £	Expenditure £	Balance due from the company at 31 July 2020 £
Conference Centre of Excellence Ltd	26,884	-	5,870	-
Meeting Industry Association (MIA)	-	-	993	-
Loughborough Student Union	4,604	-	2,830	-

20. Controlling party

The company is a wholly owned subsidiary of Loughborough University, which is regarded as the ultimate parent organisation and controlling party. The group of which Loughborough University is the parent organisation forms both the largest and smallest group preparing consolidated financial statements which include Imago@Loughborough Limited.

Copies of the consolidated financial statements can be obtained from Loughborough University, Loughborough, Leicestershire, LE11 3TU.